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Learn more about SBA Loan Sale #1 at our
Pre-Bid Conferences, currently scheduled for the following
dates and locations:

June 29 at the Four Seasons Hotel in Washington, DC
June 30 at Omni Mandalay Hotel in Dallas, TX
July 1 at Renaissance LAX Hotel in Los Angeles, CA

KPMG LLP
1676 International Drive
McLean, VA 22102

U.S. Small Business Administration
409 Third Street, SW
Washington, DC 20416

Announces

SBA Loan Sale #1



Bid DATE: AUGUST 17, 1999

Unpaid Principal Balance: \$350 million (estimated)
Number of Loans: 4,901 (estimated)

Date of Information: April 30, 1999

Transaction Financial Advisor



Program Financial Advisor
Whitestone Capital Group, Inc.

Due Diligence Contractor
METEC Asset Management L.C.



INTRODUCTION

The U.S. Small Business Administration ("SBA") announces its first loan sale. SBA Loan Sale #1 ("the Sale") will include loans which were originated under the SBA's 7(a) and Development Company Loan programs. The Bid Date is scheduled for August 17, 1999, with all closings to begin by September 7, 1999.

PRELIMINARY TIMELINE (1999)

Bid Packages Available:	June 24
Reservations for Due Diligence Accepted:	June 22 – August 13
Due Diligence Room Opens:	July 6
Due Diligence Room Closes:	August 13
Bid Date:	August 17
Optional Best and Final Offer Round:	August 18
Bid Award Announcement:	August 20
Closings:	September 7
Transfer Date:	45 Days After Closing

DESCRIPTION OF THE PORTFOLIO

The loans in the Sale will include SBA direct and purchased (previously guaranteed) 7(a) and Development Company Loans. The 7(a) loans were originated and serviced either by private lenders or the SBA. The SBA guaranteed up to 90 percent of 7(a) loans against default. For this portfolio, the SBA guarantee has been paid to the originating lenders, and no guarantee is available to loan purchasers. The Development Company Loan program finances commercial real estate and fixed assets through 100 percent-SBA guaranteed second trust loans. The second trust loan generally represents up to 40 percent of the total original financing costs. The lender-originated 7(a) and SBA-serviced Development Company Loans in SBA Loan Sale #1 have defaulted and the SBA has purchased its guaranteed portion of the loans. The portfolio also contains 7(a) loans that the SBA originated directly through 1995. The SBA is currently servicing the majority of the loans in SBA Loan Sale #1. The Sale will include both secured and unsecured loans. Collateral for the 7(a) loans can include business assets, and residential or commercial real estate. Collateral for the majority of the Development Company Loans is commercial real estate. Some Development Company Loans are secured by equipment. Many loans in the portfolio for sale are supported by personal guaranties.

PORTFOLIO INFORMATION

(as of April 30, 1999)

ALL NUMBERS ARE APPROXIMATE AND SUBJECT TO CHANGE

Unpaid Principal Balance: \$350 million
Number of Loans: 4,901

SBA Loan Program

	# Loans	% UPB
7(a)	4,169	68%
Development Company Loans	732	32%

Geographic Distribution

	# Loans	% UPB
California	1,101	24%
Arkansas	1,239	18%
Texas	380	9%
Puerto Rico	536	9%
Missouri	166	4%
New York	127	3%
Remaining Balance	1,352	33%
	4,901	100%

PRE-BID CONFERENCES

More information on the loan portfolio, and the due diligence and bid processes for SBA Loan Sale #1 will be available at the Pre-Bid Conferences, currently scheduled for the following dates and locations:

June 29: The Four Seasons Hotel, Washington, D.C.
June 30: The Omni Mandalay Hotel, Dallas, TX
July 1: The Renaissance LAX Hotel, Los Angeles, CA

For reservations to the Pre-Bid Conferences, please call the SBA Asset Sale Hotline at (888) 660-8060.

DUE DILIGENCE

Beginning in June 1999, qualified prospective bidders can order Bid Packages, which will describe the terms and conditions of the Sale and include a diskette containing loan level data. The data will be available in various electronic formats. The due diligence facility is scheduled to open on July 6, 1999 and to close on August 13, 1999. The investor due diligence facility will be located at the SBA's Headquarters in Washington, D.C. A properly executed Confidentiality Agreement and Bidder Qualification Statement must be submitted in order for a prospective bidder to obtain a Bid Package and access to due diligence materials. Reservations are required to visit the due diligence facility during business hours Monday through Saturday. METEC Asset Management, L.C., the SBA's due diligence contractor, will begin accepting reservations on June 22, 1999 at the telephone number shown below. Fees will not be charged for the Bid Package. A \$500 non-refundable due diligence fee is required for admission to the due diligence facility, modem-access to the loan documents and the Due Diligence CD-ROM(s). Due to the high level of interest in SBA Loan Sale #1, we recommend that prospective bidders make reservations early to visit the due diligence facility. It may be necessary to limit the number of reviewers and the time that they may spend at the due diligence facility.

FURTHER INFORMATION

For further information on SBA Loan Sale #1 and to download a copy of the Confidentiality Agreement and Bidder Qualification Statement, visit the SBA Asset Sale Website at www.sba.gov/assets/. To order a Bid Package, please send by facsimile to the fax number below, a properly executed Confidentiality Agreement and Bidder Qualification Statement to the attention of Robert Schmid of KPMG LLP. Once these documents are received, bidders will be sent a full Bid Package. Please call KPMG's SBA Loan Sale #1 hotline or write to the e-mail address below with additional questions.

Hotline: (888) 660-8060 DC Metro Area (202) 974-2035

Fax: (202) 887-0070

E-mail: us-sbaloansale1@kpmg.com

METEC for due diligence facility reservations:
(202) 401-3059